



ALAN LEBOVIDGE
CHAIRMAN

The Commonwealth of Massachusetts
Springfield Finance Control Board
436 Dwight St.
Springfield, MA 01103

November 29, 2005

Secretary Thomas Trimarco
Executive Office of Administration and Finance
State House, Room 373
Boston, MA 02133

The Honorable Therese Murray, Chair
Senate Committee on Ways and Means
Commonwealth of Massachusetts
State House, Room 212
Boston, MA 02133

The Honorable Robert A. DeLeo, Chair
House Committee on Ways and Means
Commonwealth of Massachusetts
State House, Room 243
Boston, MA 02133

Dear Secretary Trimarco, Chairperson Murray and Chairperson DeLeo:

This report is being submitted, pursuant to sections 2 and 9(a) of Chapter 169 of the Acts of 2004 (the "Act"), to update the legislature on the activities and expenses of the Springfield Finance Control Board since its last report dated July 27, 2005. This letter will highlight what has been accomplished over the past year with specific mention of 1st quarter activities.

During the past 90 days, the Board has continued its commitment to encourage fiscal responsibility and accountability. The Board has taken the following specific steps to restore Springfield's financial health.

Collective Bargaining

The Board has recently settled eight (8) agreements representing approximately 1,000 employees. The terms of these agreements vary slightly but all provide for predictable raises that the City can afford, without step increases or longevity, plus a signing bonus of \$500-\$1750 for each employee. These bonuses were provided in consideration of each union's agreement to dismiss any lawsuits related to claims of back wages and any challenges to the recently negotiated changes to the City's health plan. The Board continues to negotiate with the largest

City unions, the Springfield Teachers Association, the International Association of Fire Fighters Local 648, and the International Brotherhood of Police Officers Local 364.

Budget Update

The City continues to work within the existing fiscal year 2006 budget adopted by the Control Board on June 29, 2005, which projects a deficit of \$6.5 million, down from \$21 million in FY05. The City is grappling with the challenges prompted by recently projected steep increases in energy costs. The cost of energy to the City is currently estimated to increase by 28% in fiscal year 2006, from \$10.3 million to \$13.2 million. To limit the effect of these developments, we continue to take steps to reduce demand for electric in City buildings while making appropriate investments in heating and cooling systems to reduce usage in the long-term. At this point, it is still too early to determine the net financial impact to the City of the increase in energy costs.

Department Studies

The recently completed study of the Fire Department by Carroll Buracker and Associates addressed the long-term operations of the City's Fire Department. Improved public safety is a critical element of Springfield's recovery. This study is the blueprint for future operations in the Fire Department. The Board is developing a timetable and estimating costs to implement the report's recommendations. The report recommends increased investments in both operating and capital expenditures.

The Board is also underway in its review of several other key departments and has recently selected Matrix Consulting Group to conduct an assessment of the efficiency, organization and operations of the City of Springfield's Clerk's Office, Assessor's Office, Treasurer/Collector's Office and Purchasing Department.

Finally, the Board has directed the Chief Information Officer of the City to overhaul the City's computer technology and outdated management information systems, including the improvements currently underway for our employee benefit and payroll services, automating financial reporting and creating a citywide intranet.

All of these efforts are geared towards automating services, increasing efficiency, and producing a higher level of service to the taxpayer. Most importantly, over time, by investing in existing staff through training and advancement where we can, and by making other appropriate changes, we will lower the long-term cost of services in the City while improving the level of services enjoyed by the community.

Office of Community Development Initiative

The Board recognizes that in order to raise tax revenues to help pay for the increase in the cost of existing programs and to attract new business to the City, it must take steps to remediate blighted and unattractive structures and empty lots. To that end, the Board has allocated \$1.9 million to the Blight Strike Force, a committee of representatives from the Housing, Community Development and Planning Departments and the Mayor's Office, established to enforce existing

blight ordinances, clean up rubbish infested and overgrown properties of delinquent owners and demolish buildings that cannot be saved through enforcement. To this date, there have been 20 demolition sites awarded and 2 structures demolished. Additionally, the clean and lien program, which empowers the law department to obtain a court order to clear a parcel of garbage and weeds and then place a municipal lien, much like a tax lien, on the parcel, has been a tremendous success. To date, the law department has obtained 156 court orders and City departments have cleaned 81 sites. As for redevelopment, the City has issued a request for proposals on 44 tax title residential sites with 8 more commercial sites to be released this week.

Streamlining City Operations

To ensure the long-term financial health of the City, the Board has continued to improve the quality of management and operation of the City's government by reorganizing, modernizing and streamlining city departments, boards and commissions. Specifically, the Board has eliminated the Board of Police Commissioners, replacing it with the single position of Police Commissioner, and will be working alongside the Police Executive Research Forum in its national campaign to locate a superiorly qualified candidate to assume this position.

The Board has also put an end to employees working directly for Boards and Commissions. Employees will now work for department heads, so that there is proper day-to-day oversight and direction of their activities, while still providing appropriate support to the City's boards and commissions. We have done this for the Board of Public Works, Conservation Commission and Licensing Commission. We have also moved to consolidate the licensing functions in the Licensing Commission.

Finally, in order to streamline our permitting, increase accountability and expedite development, the Board has merged the Economic Development and Planning Departments into a single Department and has merged the Community Development and Housing Departments into a single unit.

Revenue Collection/Foreclosures

To foster the collection of unpaid taxes and assessments and promote residential stability and community reinvestment, the Board adopted Municipal Tax Agreement Regulations. The Board's goal in enacting this ordinance is to decrease the number of foreclosures and expedite tax payments by allowing residential taxpayers to enter into tax payment agreements with the Treasurer/Collector's Office. In addition, the Board is promoting commercial development by allowing commercial and industrial users to enter into payment agreements if they significantly invest in their properties.

As you may recall, the Board entered into a contract with JER services of North Haven, CT to collect delinquent property taxes. In the past six months, JER has collected \$4.7 million of the \$40.9 million portfolio currently assigned to it, which amounts to roughly \$725,000 per month. In the process, it has successfully resolved 656 accounts, or approximately one-fifth, of the total number of accounts it has been assigned and is currently processing a total of 492 tax title foreclosures through the Land Court.

The City is owed \$5.6 million in back parking tickets. As a result, the Control Board has retained Municipal Management Associates, Inc. (MMA) as a deputy collector. To date, MMA has collected 2.3% of all outstanding parking tickets. Based on this initial collection, the City will realize approximately \$725,000 over a 12-month period.

Finally, the City has now awarded a contract to Kelly and Ryan to collect delinquent personal property taxes for tax years 1980-2005.

Control Board Expenditures

Details of the expenditures of the Board for the 1st quarter of fiscal year 2006 are shown in the table below. This table reflects expenses processed through the Commonwealth's account system as of September 30, 2005.

Personnel Services	\$ 87,882.99
Equipment & Administrative	\$ 48,529.69
Contracted Services	\$ 450,266.10
Total	\$ 586,678.78

In this next fiscal quarter, we will continue to address our biggest priorities, which are finalizing labor contracts with the police, fire and teachers' unions, and look forward to reporting to you our estimated budget for this fiscal year.

Sincerely,



Alan LeBovidge
Chairman
Springfield Finance Control Board